GOVERNMENT OF INDIA
FINANCE
LOK SABHA

STARRED QUESTION NO:182
ANSWERED ON:09.03.2001
IMPACT OF LIBERALISATION
SANJAY PASWAN

Will the Minister of FINANCE be pleased to state:

(a) whether opening the doors to foreign capital in every form in the name of liberalisation is widening the gap between the rich and the poor in the country ;

(b)if so, the details thereof ; and

(c)if not, the achievements made under the present liberalisation policy keeping in view the interests of the poor workers, marginal farmers and rural poor?

Answer

FINANCE MINISTER (SHRI YASHWANT SINHA)

(a): & (b): No Sir. On going liberalisation policies have emphasized economic reforms with human face. The liberalisation of foreign capital has played an important role by supplementing domestic savings and bringing modern knowledge, technology and managerial skills. Nevertheless, foreign investment constitute only a small proportion of total investment in India.

(c): Liberalisation of the economy since 1991 has helped India to move on a higher growth path and to reduce poverty at a faster speed. Subsequent budgets of the Central Government have announced special programmes for poverty alleviation and employment generation. The average real GDPgrowth rate has improved from 5.4% during 12 year period ending 1991-92 to 6.4% during 1992-93 through 2000-01. Percentage of poor declined from 38.9% in 1987-88 to 36% in 1993-94 and further to 26.1% on a 30 day recall basis and 23.3% on a 7day call basis in 1999-2000. The rural poverty ratio has declined from 39.1% in 1987-88 to 37.3% in 1993-94 and further to 27.1% (30 day recall) and 24% (7 day recall) in 1999-2000. The All India average real wages for the unskilled agricultural workers have risen at an average rate of about 3% per annum during the eight year span of 1992-2000.